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balmainfunds

27 April 2011

Dear Investor

Redemption Offers for the Balmain AQUA Income Trust ARSN 110 222 850 and Balmain AQUA High Income Trust 110 223 348 (Balmain AQUA Income Trusts)

We are pleased to announce the opening of the Annual Redemption Offer enabling investors to redeem 10 per cent of their unit holding.

The effect of this redemption will be to reduce your investment in the relevant Trust by the same proportion and, from this, a corresponding reduction in future income payments.

It is important to note that in the event that any monies accounted for in the loss provisions announced to date can be recovered, the proportion of your investment redeemed from your Trust would not receive the recovered sum. Similarly, a redemption would reduce exposure to any future potential losses.

The value of the annual 10 per cent redemption offer will be calculated using the unit price prevailing on 25th May 2011 and will be made direct to your nominated bank account shortly thereafter.

Please note that the offer to redeem is set as a fixed percentage (10 per cent) of your unit holding as at 24th June 2010, being the implementation date of the voluntary redemption facility. We are unable to either increase or decrease the percentage.

You are not required to participate in the annual redemption, the 10 per cent per annum redemption opportunity does not roll over to future years. If you elect not to participate, no action is required by you.

Should you wish to take up the offer, please complete the attached form and return it via post to:

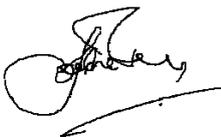
Balmain AQUA c/o Perpetual
GPO Box 2737
Sydney NSW 2001

by **no later than 3.00 pm on 23 May 2011.**

We cannot accept fax or email redemption requests. If we receive your redemption form after 3.00 pm on 23rd May 2011, it will not be processed.

As always, please call me with any questions regarding your investment in the Balmain AQUA Income Trusts on (02) 9233 9583 or speak to your adviser.

Kind regards



Stephen Tunley
CEO
Balmain Funds